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How CEOs Can Move Ahead in a Seesaw Economy

by Joe Carroll

Over 12 million people are out of work. Total business losses are approaching 5 billion. The economy is limping along at half speed and we are on the brink of war. The President said: "We have passed through no less than fifteen major depressions in the last century...we have come out of each...into a period of prosperity greater than ever before. We shall do so this time." This positive note of reassurance to the American people was not made by George W. Bush. It was uttered by President Herbert Hoover in 1933. We ultimately did go to war and eventually had a robust recovery. This process repeated itself several times during the last few decades. There are companies that existed in the 1930's that still exist today. Similarly, there are hundreds of companies that have closed their doors unable to cope with the ravages of a downturn. What exactly separates the winners from the losers? How can your company move forward in an economy that's hot one day and cold the next? Consider the following suggestions in navigating your company through these uncertain times.

Operations: Mingling in Trenches Avoids Surprises in Battle

Many of us get caught up in running a company or a department. Too much soft time is spent attending meetings, analyzing reports, putting out fires, talking to suppliers and fighting city traffic. Activities become the rule and results become the exception. Time is the worst enemy because there is never enough of it. The office becomes a daily ritual where countless hours are spent clicking emails and answering phone calls for repetitive problems that should have been resolved a long time ago. CEOs need to increase their visibility, check out the water cooler chat and catch a whiff of what's happening down the hall or across the street. While sales may drive the engine forward, faulty operations can deteriorate your client base and increase expenses. Eventually, dismal financial results for the quarter consume your attention and you're left wondering what went wrong.

Quite often, it's not the big-ticket items that impact the company's expenses. A large manufacturing company was actually sending packages via Federal Express for years from one of its buildings to another building located on the same campus. It was only when an outsourcing company did an on-site analysis that this waste of dollars went away.

The way to avoid surprise is to appreciate a twist on an old saying, "What you don't know can hurt you." CEOs need to get out on the firing line and into the heat of the battle. It's great to have a superb COO running and gunning, but the CEO needs to keep his or her hands on the pulse of the company. You need to get out of your comfort zone. Visit your accounts, walk around the plant, and make impromptu visits during management meetings. When the smoke clears in the field, a plethora of surprises may suddenly become obvious. The progressive procedures you thought were set in stone six months ago were never implemented. Everybody loves progress provided nothing has to change. Status quo thinking creates missed opportunities.

Western Union Telegraph is one example. They could have acquired Bell's telephone technology, patented in 1876 for \$100,000, but scoffed at the technology as a mere toy. Eventually Bell acquired Western Union. So inspect what you expect, be open to innovation and walk in your employees' shoes for a couple of hours. It may be humbling, but the blisters will do you good. You will earn the respect of your employees while ensuring the continued solvency of your company.

Technology: Spend More and Pay Less

Sales are down and profits are going south. We set into motion the usual remedies: reduce costs, eliminate waste, impose a hiring freeze, cut the bonuses and do all of the things companies do to remain profitable. Companies invariably put themselves in a box with no way out. It is almost like a self-fulfilling prophecy. All the eggs go into one basket, as the furious march towards cost containment is set into motion while innovation comes to a screeching halt. We may be marching into oblivion. Some of the major airlines like Delta are fighting tooth and nail to survive. However, there are some creative alternatives to bottom-line management. Technology can be your ride to economic freedom. The key is not to use technology to simply eliminate a manual process. If we invest in technology, which ultimately reduces cost and improves customer service, the benefits will outweigh the investment. Henry Ford almost put his car company out of business simply because he wanted to control costs. He was not willing to experiment with more fashionable car models and almost single-handedly ushered in the success of General Motors. Eventually, the Model T Ford became a dinosaur.

There is no doubt that technology can easily turn into a big ticket item. So set the ground rules with the computer guru in your organization. Demand payback with a time schedule, but definitely embrace the change. Machiavelli states, "It behooves us to adapt oneself to the times if one wants to enjoy continued good fortune." Print management systems is one example how companies save thousands of dollars by redirecting high-cost print jobs at eight cents a click on toner-eating printers to low-cost digital copiers at less than a penny a click.

Sales: No Deals Get Inked with a Lead Pencil

I am constantly amazed why companies cling to the "hunter/farmer" mentality in chasing new business and growing existing business. With this sales approach, the hunter or sales executive goes after new business. Once the deal is inked, the hunter walks away from the customer and starts chasing new deals. The customer will not see the hunter again until the contract renews or is amended. Then the farmer steps in to maintain the account and grow the business. Why is this so? Because the hunter is not paid to maintain the relationship with the customer. These types of contracts were signed with a lead pencil. The possibility of inking that contract upon renewal is now up for grabs. Somebody once said this about customers, "When you look through John Brown's eyes, then you'll know why John Brown buys."

Customers want one, steady, point of contact. They do not want to deal with a new member of your staff every six months because you are downsizing, turning people over or using annoying sales models. It is time-consuming, disruptive and does not establish the groundwork for a solid, long-time partnership. Sometimes the farmer is a salesperson and other times he or she is an operations person. More often than not, operations people can neither amend nor renew existing contracts with their customers. When the hunter shows up three or five years later to renew the contract, how will that customer react? Will it be a cordial reception or a short, five-minute courtesy meeting and you're out the door. A good sales model will ensure that the relationship is maintained from the beginning between the hunter and the customer. Another way to develop powerful relationships is to have the CEO show up at some of the proposal meetings. When a CEO rows his or her sleeves up at the sales table, it sends a powerful message to the potential customer.

Culture Without Vision - Profits Will Stumble

Culture: Without Vision, Firms Will Stumble

I view culture as the soul, personality, foot-print and life-blood of the organization. It's a combination of rituals, awards, recognition and how things generally get done in an organization on a consistent basis. It's what draws people to certain organizations. A company tends to develop its own chemistry and reputation becoming a magnet for job applicants and customers who can relate and identify with the company's culture. The CEO is the number one culture guru in the company. His or her decisions, actions and communications all have a heavy impact on the culture of the organization. The CEO is actually the main architect for the company's culture. Why is culture and vision so important to an organization's health and vitality?

Culture is important because employees want to feel part of something worthwhile. They want to feel part of the team. They also want to have fun and derive a sense of satisfaction of being part of the group. This is why we join clubs, charities, and associations and have an affinity for certain baseball and football teams. We have banded together like this since the beginning of time. If a company lacks a clearly defined culture then productivity and employee retention will suffer. A vision statement is a concise way to spell out what your company's culture is all about. It tells your potential employees and customers what's important in your company's operations. More importantly, it will help a potential employee or customer get a sense of whether or not your company will make a good partner. Ultimately, your company needs to be liked by your employees and customers. It really is a two-way street. Norman Vincent Peale put it this way, "Getting people to like you is merely the other side of liking them."

Outsourcing: Choose Partners, Avoid Vendors

Outsourcing has been around for many years and represents one of the most effective ways to get the best technology at the lowest cost. It makes sense because companies cannot be all things to all people. They risk being a jack of all trades and a master of none. It is far better to focus on your core business and to outsource those parts of your organization that is not your forte. The most important factor in outsourcing is to choose a company that will act more like a partner and less like a vendor.

A vendor is like buying candy from a machine on the highway. If the candy gets stuck in the machine, you're stuck. You can try shaking the machine all you want, but that piece of candy is not coming down and you're out the money. A good partner is someone you can depend on. The partner will be there for you days, nights and on weekends. The partnership does not end at 5:00 PM when everyone goes home.

Training: Investing in People Can Yield Powerful Dividends

Sixteen years ago, Tom Peters said, "Our investment in training is a national disgrace." I suspect nothing has changed that perception, especially when profits are going south. One of the first things that generally get cut when there are budget constraints is the training budget. These are soft dollars and companies generally have more pressing expenses such as salaries and rent. There is an old Japanese proverb concerning training that says, "Experience is the best teacher." There is no doubt in my mind that most organizations have experienced employees. If your organization cannot afford to hire an outside training company to conduct training, take a look at your own staff. You may have people who would be more than happy to conduct a training class and will probably do a great job because they can link

the training closer to your type of business.

Managing through an economy that has its ups and downs can be a daunting task for any CEO. There are ways to stay afloat even when the economy is sinking and profits are drying up. The key is to strive for constant improvement by unlocking your mind and tapping into the minds of the people you work with. Two years ago my company only closed two deals. Last year we closed fifteen. We did it through team think and by overhauling our sales process. Franklin Roosevelt had it right when he said on April 14, 1939, "Men are not prisoners of fate, but only prisoners of their own minds."